

REMARKS

Applicant notes with appreciation the Examiner's acceptance of the drawings filed March 25, 2005, and for providing an initialed copy of the Information Disclosure Statement.

Claims 1-4, 8, 9, 12-21, 23-25, 27-32, 34, 36, 41, 42, 44-54, 56-61 and 63 have been amended. Claims 10, 11, 26 and 43 have been canceled. By entry of this amendment, claims 1-9, 12-25, 27-42 and 44-64 are pending.

Claim Rejection - 35 U.S.C. §112

Claims 12-21, 24, 45-51, 53, 54, and 57 rejected under U.S.C. §112, second paragraph because the phrase "such as" and term "preferably" allegedly renders the claims indefinite. Applicants has have amended claims 12-21, 24, 45-51, 53, 54 and 57 to delete the phrase "such as." Applicants have amended the claims to delete the phrase and term, which allegedly render the claims indefinite. Applicants respectfully submit that the above claims are definite, and request withdrawal of the rejections under 35 U.S.C. § 112, second paragraph.

Claim Rejections - 35 U.S.C. §102

Claims 1-7, 10, 22-27, 30-40, 43, and 55-54 are rejected under U.S.C. 102 (b) as allegedly being anticipated by Herbert. Applicants respectfully submit Herbert is directed to a system for ensuring that all of the postal indicia allocated to an enterprise are used in series thereby ensuring that all of the postal indicia paid for are used and that none are wasted due to a spoiled or removed item.

In contrast, Applicant's claim 1 recites, among other features:

A method of refunding value as applied to spoiled items, ***wherein the item comprises an element containing an authentication code and bearing sensitive information***, the method comprising:
validating the ***element in each item*** in an item stream,
wherein an item is assigned as being spoiled where ***the element inserted in the item*** does not satisfy at least one validation criterion;

separating spoiled items from the item stream;
for each spoiled item, presenting ***the element to a third party, so that the sensitive information is not made available to the third party***; and
for each spoiled item, refunding the value as applied to the spoiled item based on a determination by the third party.

In making the rejection of claim 1, the Office cites paragraphs [0001], [0002], [0005], and [0035-0037] of Herbert as disclosing the features recited in the claim. Paragraphs [0001] and [0002] are an explanation of the background for postal indicia reuse, and for providing evidence of accounting for postal charges. Herbert describes in paragraph [0004] processing a mail item in a series of mail items.

Applicant's independent claim 1, recites, in the validating step, an element in each item and where the element is inserted in each item. Applicant respectfully submits that Herbert does not disclose or suggest such a feature. As illustrated in FIG. 1 of Herbert, the postage indicium 18, comprising the plain text message and the cryptographic token, is printed on the envelope or completed mail item 16.

In contrast, as shown in Applicants' Figures 1, 4, 7 and, in particular, Figures. 8 and 9, Applicants system is different. As illustrated in Figures 8 and 9, Applicants illustrate an element having a postage imprint 205 and an item 207 having confidential information. when it is determined that the element 205 is spoiled, the confidential information is rendered inaccessible by either blacking it out as shown in Figure 9 or by creating perforations around the postage imprint 205 as shown in Figure 3, element 17. Or alternatively, the element can be an electronic information label as illustrated in Figure 23.

Applicant respectfully submits that Herbert does not disclose or suggest an element containing an authentication code and bearing sensitive information that is inserted in an item as recited in Applicant's independent claim 1.

As highlighted above, an item comprises an element containing an authentication code and sensitive information. The Office appears to be equating the cryptographic token to the sensitive information (see page 3 of the Office Action). However, Herbert discloses in the first sentence of paragraph [0035] that the postage indicium comprises

a plain text message and a cryptographic token. The cryptographic token is explained in paragraph [0034] as an encryption of the data input (e.g., date of mail preparation, credit register value, or items count) or a digital signature based on the input data. The encrypted data or digital signature are not the same information as Applicant's sensitive information as described at least at paragraph [0006] of Applicant's published application.

Applicant's sensitive information can be confidential, personal information that should not be provided to a postal authority. Applicant respectfully submits that Herbert does not disclose an element containing an authentication code and sensitive information as recited in Applicant's independent claim 1.

The Office states at page 3 of the Office Action, the information stored in Herbert's barcode is encrypted, therefore the sensitive information is not visible to the third party. However, Applicant's claim recites that the element is presented to the third party, so that sensitive information is not made available to the third party. This is different than the Herbert item, in that, if the third party in Herbert has a barcode reader he is able to decrypt the information. As described in paragraph [0035] of Herbert, the plain text is the key to decrypting the cryptographic token. Therefore, the sensitive information is *available* to the third party if the third party has the proper tools. The Office is equating Herbert's cryptographic token to a barcode commonly used by the postal authority, in which case, the postal authority would have decrypting equipment. Furthermore, in the system of Herbert, the third party is the postal authority. Accordingly, Applicant respectfully submits that Herbert does not disclose this feature.

Additionally, Applicants recite the step of validating the element in each item and in item stream, wherein an item is assigned as being spoiled where the element inserted in the item does not satisfy at least one validation criteria. Herbert does not disclose validating an element inserted in the item as recited in claim 1. Accordingly, for the above reasons, claim 1 defines over the applied prior art.

Independent claim 34 recites:

A system for refunding value as applied to items, the items including ***an element containing an authentication code and***

bearing sensitive information, in an item stream, the system comprising:

a sorting unit for separating spoiled items from the item stream, with the element of each spoiled item being presented to a third party, so that **the sensitive information is not made available to the third party**; and

a control unit for controlling operation of the system, wherein the control unit includes a refund credit register and is operative to credit the refund credit register in respect of the value as applied to each spoiled item, **wherein the spoiled item is authenticated by the third party**.

As argued above, Herbert does not disclose or suggest a system that operates on elements having the features as recited in the claim. Furthermore, Herbert does not describe a system that provides a spoiled item where sensitive information is not made available to the third party, where the spoiled item is also authenticated by the third party.

As described in the second and third sentences of paragraph [0035] of Herbert, the postal authority has to decrypt the cryptographic token because the cryptographic token provides authentication of the plain text in the postage indicium whereby the veracity of the postage indicium may be verified by a postal authority. Based on this teaching, the Office's position that the cryptographic token is sensitive information that is not visible to a third party is incorrect because the postal authority, or in claim language, the third party, authenticates the spoiled item.

In addition, in making the rejections of claims 1-3, 35 and 36, the Office refers to Herbert's barcode and barcodes as though barcodes are disclosed in Herbert. However, the Office admits in the rejection of claims 8, 9, 11, 28, 29, 41, 42, 59 and 60 that Herbert fails to teach an imprint that is a two-dimensional barcode. Therefore, Applicant respectfully submits that any reliance in the rejections on a teaching of a barcode in Herbert is improper since Herbert does not disclose or suggest a barcode.

As for dependent claims 2-7, 22-25, 27, 30-33, 35-40, 54 and 55, these claims further limit independent claims 1 and 34, and also define over the applied art.

Applicant submits that Herbert does not disclose or suggest all of the features recited in Applicant's independent claims 1 and 34, and respectfully request withdrawal

of the rejections of claims 1-7, 22-25, 27, 30-33, 35-40, 43, 54 and 55 under 35 U.S.C. §102(b).

Claim Rejections Under 35 U.S.C. §103

Claims 8-9, 11, 28, 29, 41, 42, 59 and 60 are rejected under U.S. C 103(a) as allegedly being unpatentable over Herbert (U.S. Publication 2002/0087493), and in view of Monico (U. S. Patent 6,259,369).

Monico is cited for its teachings of a two-dimensional barcode and radio frequency tag, not for disclosure of an element containing an authentication code and sensitive information as recited in Applicant's independent claims 1 and 34. Monico does not overcome the above described deficiencies of Herbert with respect to independent claims 1 and 34.

Accordingly, Applicant respectfully submits that Herbert and Monico, either individually or in combination, do not disclose or suggest all of the features recited in Applicant's claims 8-9, 28, 29, 41, 42, 59 and 60. The rejections of claims 8-9, 28, 29, 41, 42, 59 and 60 should be withdrawn.

Claims 12-15, 21, 45, 48, and 54 are rejected under U.S. C 103(a) as allegedly being unpatentable over Herbert (U.S. Publication No. 2002/0087493), and in view of Calonje et al. (U.S. Publication No. 20040050919).

Claim 12, among other features, recites:

in ***perforating each element removed from a spoiled item about the authentication code; and separating a section of the element including the authentication code and excluding the sensitive information***, to allow the section to be presented to a third party, with the sensitive information not being made available to the third party.

Calonje does not disclose the above highlighted features. The item 106 of Calonje is not the same as the element of claim 12, and is not configured so that separating a section of the element including the authentication code and excluding the sensitive information as recited in the claim.

As for claims 13-15, 21, 45-48 and 54, these claims further limit either independent claim 1 or 34, and Calonje does not overcome the deficiencies of Herbert as described above with respect to these independent claims.

Applicant respectfully submits that Herbert and Calonje, either individually or in combination, do not disclose or suggest all of the features recited in Applicant's independent claims for at least the above reasons.

CONCLUSION

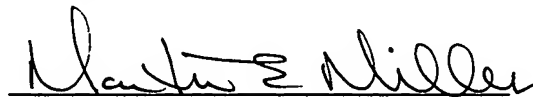
Applicant asserts that all of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicant therefore respectfully requests that the Examiner reconsider all presently outstanding objections and rejections and that they be withdrawn. Applicant believes that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance.

The Office is hereby authorized to charge any additional fees or credit any overpayments under 37 C.F.R. §1.16 or §1.17 to Kenyon & Kenyon Deposit Account No. **11-0600**.

The Examiner is invited to contact the undersigned at the telephone number below to discuss any matter concerning this application.

Respectfully submitted,

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